



POLICY MANUAL

NY Rising Recapture

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The policies stated in this manual are current as of April 2022. This manual represents the current version of the Governor's Office of Storm Recovery's (GOSR) policy which shall provide general guidance for the operation of the GOSR program. All policy manuals will be reviewed periodically and will be updated. GOSR will make a good effort to keep its Policy Manuals current. Therefore, you are strongly urged to visit our website www.stormrecovery.ny.gov or to contact info@stormrecovery.ny.gov to ensure that you have the latest version of GOSR's policies. There may be times, however, when a policy will change before the manual can be revised.

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NY RISING RECAPTURE POLICY MANUAL

Version Control

Version Number	Date Revised	Description of Revisions
2	July 2017	Clarification
3	October 2018	Clarification about tracking
4	July 2021	Policy updates regarding Buyout Recapture Files, Uncollectible Files, De-Minimis Files & Hardship Calculations
5	April 2022	Policy updates regarding Uncollectible Files

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1.0 Introduction

The Governor's Office of Storm Recovery (GOSR) will make every effort to ensure that all NY Rising grants are awarded and disbursed in accordance with the New York State Action Plan and subsequent amendments, the grant agreement executed by and between the State of New York and the Department of Housing and Urban Development (HUD), and applicable State and federal regulations. Applicants were awarded funding pursuant to policies and procedures outlined by the specific program from which funding was sought. However, situations may arise where an applicant needs to return all or part of the awarded funding to the respective program. This document sets forth the policies that will guide the NY Rising Recapture Program in its efforts to recapture funds that have been overpaid to applicants for any reason.

1.1 Regulatory Framework

CDBG regulations [24 CFR 570.502] governing grant administration and Office of Management and Budget (OMB) cost principles [2 CFR 200.403 (a)] require that payment of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds to beneficiaries be necessary and reasonable; and prohibit beneficiaries from retaining excess funds not used for eligible, approved costs. The provision of CDBG-DR funds more than what is needed for immediate use is also prohibited [2 CFR 200.305 (b) (1)].

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. 5121–5207), as amended, (Stafford Act), and Federal Register Notice, Vol. 76, No. 221, Wednesday, November 16, 2011 provides that CDBG-DR funding may only be provided to the extent that it does not duplicate funding provided to a beneficiary for the same purpose. Common examples of duplicative funding include, but are not limited to:

- Payments under the National Flood Insurance Program (NFIP)
- Payments from private insurance
- Funding from the United States Federal Emergency Management Agency (FEMA)
- Small Business Administration (SBA) loans or
- Charitable donations or work performed by not-for-profits

2.0 Repayment Circumstances

NY Rising awards are based on a variety of factors. Below are the most common circumstances that may result in a revision to an award, which then may require repayment from an Applicant:

- **Duplication of Benefits (DOB):** If an Applicant received additional benefits (FEMA, NFIP, SBA, ICC, private insurance, assistance from nonprofit or other disaster assistance provider) that are duplicative of CDBG-DR funds, the Applicant's award will receive a negative award adjustment to reflect the

duplication in benefits. If the sum of the duplication of benefits and the NY Rising funds that the applicant has thus far received exceed the applicant's total NY Rising award, the applicant must repay the difference.

- **Scope of Work Change**: An Applicant's award is based on successfully performing an eligible, expected scope of work. If the Applicant does not perform some or all the work identified in an approved scope of work on which the award is based, the award will be adjusted to account for the unperformed work. If this deduction leads to a negative balance due to payments already received, the Applicant must repay the difference. There could also be a full repayment if the Applicant did not perform the required repairs.
- **Ineligibility**: Federal law, program policies and procedures set forth mandatory eligibility requirements to receive NY Rising Program funds. If at any point in time it is determined that an Applicant does not meet the eligibility requirements for a program, the Applicant will be required to repay any assistance received from that program.
- **Substantial Program Non-Compliance**: Each NY Rising program has rules set forth in the programs' policy manuals, and the grant agreements signed by Applicants. If any Applicant fails to substantially comply with these rules, the Applicant must repay the funds. For example, failure to submit mandatory documentation, perform the required project, perform mandatory elevation, or to allow for mandatory inspections, may result in the requirement to repay the full award.
- **Awards from Multiple Programs**: Applicants cannot receive awards from different NY Rising programs for the same scope of work, or for inconsistent programmatic purposes. An example of receiving funds for inconsistent programmatic purposes is a circumstance where an Applicant receives funds for repairing their home and decides not to conduct any repairs, but instead sells the home through the NY Rising Buyout and Acquisition Program. In such circumstance, the Applicant must return funds for the repair of the home since the Applicant did not conduct the repair. Please note: Interim Mortgage Assistance (IMA) overpayments are processed as part of Single-Family Recapture.
- **Voluntary Withdrawals**: Applicants may decide to withdraw from the NY Rising Program. If an Applicant withdraws after receiving NY Rising funds, the funds must be returned prior to Program withdrawal.
- **Fraud**: Applicants who receive awards based upon fraudulent information must repay these funds to the program. These cases will also be referred to the appropriate criminal agencies for investigation.

Any of these circumstances, or a combination of these circumstances, may require the Applicant to repay some or all awarded grant funds to New York State.

3.0 Uncollectible Files

Under certain circumstances, the Program may deem a file uncollectible. Files identified as uncollectible, and falling within Program Uncollectible Policy, may be closed out following closeout procedures and Quality Control reviews outlined in Program SOP documents.

Vulnerable Applicants

The Program will deem households at risk of recapture, where the applicant and/or co-applicant is at least 70 years as Uncollectible. Such applicants, including those who will turn 70 by September 2022, will be considered part of a vulnerable population. Vulnerable population determination will be made by Program on a case by case basis and may include applicants who have become homeless, applicants whose sole income is federal or state assistance, and applicants with disabilities according to GOSR policy.

De Minimis Applicants

Files that are currently in Recapture with negative balances less than the current Program de minimis threshold of \$5,000 may be returned to Program to complete close out except in cases where the applicant is actively making repayments.

Native American Reservation Applicants

Files that are currently in Recapture must provide a letter from their respective First Nation Authority, confirming the Applicant is a member of the nation and the home is located on the first nations land.

Deceased Applicants

This criterion is defined by an applicant who has passed away prior to closing out of the program, and is completing the deceased applicant closeout process, defined in the Sold Home and Deceased Applicant SOP and SFH / RP Closeout Guidance.

Buyout & Acquisition Program Single Family DOB

Files in Recapture that have been overpaid due to Single Family DOB will be moved into the final status of Uncollectible-Other in Recapture. These files will be reviewed to reduce their overpayment amount based on possible DOB offset.

Buyout & Acquisition Program Award Cap Changes

Files in Recapture due to award cap policy changes will be deemed Uncollectible

Buyout & Acquisition Program GAP Incentive

Files in Recapture that have been overpaid due to receiving the GAP Incentive will be deemed Uncollectible.

4.0 Reconciliation Phase: File Reconciliation, Repayment Letter, and Appeal

Prior to issuance of a Repayment Letter, the NY Rising Reconciliation and Repayment Unit (Reconciliation Unit) will perform a full and complete reconciliation of the files for all Applicants who have been identified as having been overpaid.

In instances where an Applicant that is closed out was underpaid for IMA but overpaid for their Single-Family award, the Program will offset the unused IMA award against the Applicant's negative balance for their repair/reconstruction award.

Applicants whose overpayment balance is up to \$5,000 may qualify for a De Minimis exception. This exception will be enacted by the originating Program at time of close out via the Reconciliation de Minimis Exception Memo. At no time will a de Minimis amount be reduced from Applicant case files to a positive award balance.

4.1 Repayment Letter and Appeal

The Reconciliation Unit will document the amount and basis for the repayment in a written letter to the Applicant, as well as procedures for repaying the funds. A Case Agent will be available to provide guidance and assistance throughout the repayment process. If an Applicant disagrees with the amount owed or the basis for repayment, the Applicant will be afforded the opportunity to submit a written appeal of the repayment determination.

Appeals must be submitted in writing using the Appeals Form included with the Repayment Letter within sixty (60) calendar days from the date of the repayment letter to the NY Rising Reconciliation and Repayment Unit:

By Mail: NY Rising Reconciliation Unit
500 Bi-County Blvd.
Suite300
Farmingdale, NY 11735

By Email: NYRisingReconciliationUnit@nysandyhelp.ny.gov

If the Applicant has filed a prior appeal with GOSR regarding an issue that was already decided, the Applicant may not raise the same issue in the appeal to the Reconciliation Unit.

All Appeals must be filed within the specified time highlighted in the Program correspondence applicants are appealing. Appeals submitted outside of the specified timeline may only be processed at the discretion of the Appeals Committee.

If an Applicant fails to file an appeal to the Reconciliation Unit within the time allotted, the inaction will be deemed as an acceptance of the determination, and a waiver of any further right to contest or appeal the amount to be repaid.

The Recapture Appeal Committee will review the written appeal and issue a final written determination of its decision. Appeals may be denied or granted in whole or in part. Nothing in the appeal determination shall obviate the Applicant from complying with all applicable program requirements. For instance, if the Applicant successfully appeals a DOB amount, the Applicant is still fully obligated to complete their project.

The Recapture Appeal Committee will only review facts and information already included in an Applicants' file. Recapture appeals will only be reheard after the initial hearing if new material information is received by the Program, or a new Program policy is enacted that will impact the Applicant's appeal status.

If an Applicant's appeal is denied or there is failure on the part of an Applicant to appeal within the allotted timeframe, the Applicant will be moved to the Repayment Phase to begin repayment.

5.0 The Repayment Phase: Terms and Conditions of Repayment

Once an Applicant has received their Repayment Letter and the appeal period has passed (either through passage of 60-day appeal period or an appeal determination), their file will be moved to the Repayment Phase. Files may also be moved to the Repayment Phase anytime an Applicant repays or signs a payment plan agreement.

Once the Repayment Phase commences, the Case Agent will assist the Applicant with the steps necessary to repay their funds in a timely manner. All repayments shall be repaid in full as one lump sum amount or broken down into a payment plan agreement that Applicants enter with Program.

GOSR will analyze any Applicant claims of financial hardship and may make limited accommodations in some cases in order to facilitate repayment. The Program will quantify Applicant's income against the Federal Poverty Line for New York State, with affordability being determined by where an Applicant aligns with Medicaid subsidies. When an Applicant does not have proof of payment but there is adequate proof of work and all other Program requirements are met, the Applicant may receive credit for the work at Program pricing in order to mitigate for recapture amounts which would be processed under hardship.

The Program may utilize interim housing expenses incurred by homeowners after initial

funding from federal programs (i.e., FEMA or DHAP) or insurance policies are exhausted but while homeowners were living in temporary housing for a potential hardship reduction. Applicants must demonstrate interim housing expenses through evidence of payment, as allowed by Program policies and procedures.

Applicants who claim that the Covid-19 pandemic has created a financial hardship will undergo the current recapture hardship process and supply supporting documentation highlighting their financial hardship due to Covid-19. Supporting documentation may include correspondence from their job with instruction to file for unemployment or proof of unemployment payments. While the Covid-19 pandemic will be viewed as an extenuating circumstance, hardship approvals are granted at the sole discretion of the Hardship Committee.

The Hardship Committee consisting of Executive and Senior Staff will make final determinations on the hardship requests based on the facts and circumstances supporting the hardship request. When determining whether a hardship is warranted, a variety of factors are considered in their totality. Such factors include, but are not limited to :

- (1) whether the Applicant has the financial resources to repay,
- (2) whether the Applicant spent the grant money appropriately (repair of damaged property), and the status of repairs, and
- (3) whether there are other extenuating factors.

Applicants will be notified in writing of the Hardship determination and shall have 30 days to accept the terms of the Hardship determination, which may be a repayment agreement and/or a modified payment amount. If the Applicant does not accept this determination, the Applicant will be required to repay the full amount either by lump sum or a repayment agreement.

GOSR shall monitor repayments to ensure that Applicants are performing in accordance with the terms of repayment, and GOSR shall take additional, cost reasonable measures as necessary to collect the repayment amount, including instituting a collection proceeding. GOSR, in its sole discretion, shall institute measures necessary to effectuate repayment from individual program applicants to the extent that amounts are collectable.

6.0 Recaptured Funds

All funds recovered through the recapture program will be tracked and returned to the State's CDBG-DR account or U.S. Treasury in the event that the CDBG-DR Grant has been closed out.

NY Rising is responsible for ensuring its internal system for debt collection is adequate to effectively collect amounts due, and to comply with New York State law.

7.0 Applicability

This policy shall apply to all CDBG-DR funds that are managed by the Governor's Office of Storm Recovery or any of its subrecipients.

8.0 Acronyms and Definitions

8.1 Acronyms

Acronym	Name
CDBG-DR	Community Development Block Grant – Disaster Recovery
DHAP	Disaster Housing Assistance Program
DOB	Duplication of Benefit
FEMA	Federal Emergency Management Agency
GOSR	Governor's Office of Storm Recovery
ICC	Increased Cost of Compliance
IMA	Interim Mortgage Assistance
LMI	Low to Moderate Income
NFIP	National Flood Insurance Program
OMB	Office of Management and Budget
SBA	Small Business Administration

8.2 Definitions

Action Plan: The public document required by HUD that details the NY Rising Recovery Programs and how the grantee plans to allocate CDBG-DR funds.

Applicant: An individual or entity that applies to the NY Rising Recovery Program.

Community Development Block Grant – Disaster Recovery (CDBG-DR): Flexible grants to help cities, counties, and States recover from Presidentially declared disasters through the Department of Housing and Urban Development (HUD). Congress appropriates additional funding for the Community Development Block Grant (CDBG) program as Disaster Recovery grants to rebuild the affected areas and provide crucial seed money to start the recovery process.

Duplication of Benefit (DOB): Financial assistance received from another source that is provided for the same purpose as the CDBG-DR funds.

Federal Emergency Management Agency (FEMA): An agency of the United States Department of Homeland Security. The agency's primary purpose is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and State authorities.

Governor's Office of Storm Recovery (GOSR): The division of the Housing Trust Fund Corporation established by Governor Cuomo in June 2013 to maximize the coordination of recovery and rebuilding efforts in storm-affected municipalities throughout New York State.

Low-to-Moderate- Income (LMI): Low to moderate income people are those having incomes not more than the "moderate-income" level (80% Area Median Family Income) set by the federal government for the HUD assisted Housing Programs. This income standard changes from year to year and varies by household size, county and the metropolitan statistical area.

National Flood Insurance Program (NFIP): Created by Congress in 1968 to reduce future flood damage through floodplain management and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP.

Small Business Administration (SBA): SBA's Office of Disaster Assistance (ODA) provides affordable, timely and accessible financial assistance to Applicants, renters, and businesses. The SBA low-interest, long-term loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses.